



General Assembly

January Session, 2009

Amendment

LCO No. 8302

HB0642608302SR0

Offered by:
SEN. KANE, 32nd Dist.

To: Subst. House Bill No. 6426

File No. 960

Cal. No. 653

"AN ACT IMPROVING BROADBAND ACCESS."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Subdivision (2) of subsection (j) of section 16-244c of the
4 general statutes is repealed and the following is substituted in lieu
5 thereof (*Effective from passage*):

6 (2) Notwithstanding the provisions of subsection (d) of this section
7 regarding an alternative transitional standard offer option or an
8 alternative standard service option, an electric distribution company
9 providing transitional standard offer service, standard service,
10 supplier of last resort service or back-up electric generation service in
11 accordance with this section shall, not later than July 1, [2008] 2011, file
12 with the Department of Public Utility Control for its approval one or
13 more long-term power purchase contracts from Class I renewable
14 energy source projects that receive funding from the Renewable
15 Energy Investment Fund and that are not less than one megawatt in

16 size, [at a price that is either, at the determination of the project
17 owner, (A) not more than the total of the comparable wholesale market
18 price for generation plus five and one-half cents per kilowatt hour, or
19 (B) fifty per cent of the wholesale market electricity cost at the point at
20 which transmission lines intersect with each other or interface with the
21 distribution system, plus the project cost of fuel indexed to natural gas
22 futures contracts on the New York Mercantile Exchange at the natural
23 gas pipeline interchange located in Vermillion Parish, Louisiana that
24 serves as the delivery point for such futures contracts, plus the fuel
25 delivery charge for transporting fuel to the project, plus five and one-
26 half cents per kilowatt hour.] Contracts entered into on or after August
27 1, 2009, shall include a requirement that the owner of the Class I
28 renewable energy source project be compensated at a cost-based rate,
29 in cents per kilowatt-hour, that provides the opportunity for the
30 project to earn a reasonable rate of return if the project operates at a
31 sufficient capacity factor. The department shall determine the rates, the
32 capacity factor and other factors prior to the commencement of any
33 contract and the department may adjust such rates, capacity factor and
34 other factors not more than once every five years. The department may
35 establish a five-year review proceeding at its discretion or at the
36 request of the owner of the Class I renewable energy source project. In
37 its approval of such contracts, the department shall give preference to
38 purchase contracts from those projects that would provide a financial
39 benefit to ratepayers or would enhance the reliability of the electric
40 transmission system of the state and the department may approve or
41 disapprove any proposed contract as public interest requires. Such
42 projects shall be located in this state. [The owner of a fuel cell project
43 principally manufactured in this state shall be allocated all available air
44 emissions credits and tax credits attributable to the project and no less
45 than fifty per cent of the energy credits in the Class I renewable energy
46 credits program established in section 16-245a attributable to the
47 project.] On and after October 1, 2007, [and until September 30, 2008,]
48 such contracts shall be comprised of not less than a total, apportioned
49 among each electric distribution company, of one hundred twenty-five
50 megawatts; and on and after [October 1, 2008] July 1, 2011, such

51 contracts shall be comprised of not less than a total, apportioned
52 among each electrical distribution company, of one hundred fifty
53 megawatts. The cost of such contracts and the administrative costs for
54 the procurement of such contracts directly incurred shall be [eligible
55 for inclusion in the adjustment to the transitional standard offer as
56 provided in this section and any subsequent rates for standard service,
57 provided such contracts are] at the department's discretion from time
58 to time, either included in nonbypassable federally mandated
59 congestion charges or in the rates for standard service and any
60 benefits, including, but not limited to, the value of renewable energy
61 credits received through a contract, shall be distributed in the same
62 manner as the costs. A project owner who has signed a contract on or
63 before April 1, 2009, and whose contractual compensation is not
64 indexed to the cost of natural gas fuel may make a single request to the
65 department to adjust its contract due to issues of financeability,
66 provided such a request is made before September 1, 2009, and may
67 include a request that the existing contract be extended to cover the
68 full output of the project. The department, upon receipt of such a
69 request, may open a proceeding to consider whether to adopt any
70 adjustments to such a contract, including, but not limited to,
71 converting it to a cost-based contract that may include a fuel cost
72 adjustment clause, as the department determines is in the public
73 interest. A proceeding opened by the department pursuant to this
74 subdivision shall be conducted as an uncontested proceeding, but the
75 project developer shall present evidence and testimony of a financial
76 expert to the department, at the project developer's expense, as to the
77 necessity of adjusting the contract. The contracts shall be for a period
78 of time sufficient to provide financing for such projects, but not less
79 than ten years, and are for projects which began operation on or after
80 July 1, 2003. [Except as provided in this subdivision, the amount from
81 Class I renewable energy sources contracted under such contracts shall
82 be applied to reduce the applicable Class I renewable energy source
83 portfolio standards. For purposes of this subdivision, the department's
84 determination of the comparable wholesale market price for
85 generation shall be based upon a reasonable estimate.] On or before

86 September 1, 2007, the department, in consultation with the Office of
87 Consumer Counsel and the Renewable Energy Investments Advisory
88 Council, shall study the operation of such renewable energy contracts
89 and report its findings and recommendations to the joint standing
90 committee of the General Assembly having cognizance of matters
91 relating to energy.

92 Sec. 502. Subsection (e) of section 16-245n of the general statutes is
93 repealed and the following is substituted in lieu thereof (*Effective from*
94 *passage*):

95 (e) The Renewable Energy Investments Board shall include not
96 more than fifteen individuals with knowledge and experience in
97 matters related to the purpose and activities of the Renewable Energy
98 Investment Fund. The board shall consist of the following members:
99 (1) One person with expertise regarding renewable energy resources
100 appointed by the speaker of the House of Representatives; (2) one
101 person representing a state or regional organization primarily
102 concerned with environmental protection appointed by the president
103 pro tempore of the Senate; (3) one person with experience in business
104 or commercial investments appointed by the majority leader of the
105 House of Representatives; (4) one person representing a state or
106 regional organization primarily concerned with environmental
107 protection appointed by the majority leader of the Senate; (5) one
108 person with experience in business or commercial investments
109 appointed by the minority leader of the House of Representatives; (6)
110 the Commissioner of Emergency Management and Homeland Security
111 or the commissioner's designee; (7) one person with expertise
112 regarding renewable energy resources appointed by the Governor; (8)
113 two persons with experience in business or commercial investments
114 appointed by the board of directors of Connecticut Innovations,
115 Incorporated; (9) a representative of a state-wide business association,
116 manufacturing association or chamber of commerce appointed by the
117 minority leader of the Senate; (10) the Consumer Counsel or the
118 Consumer Counsel's designee; (11) the Secretary of the Office of Policy
119 and Management or the secretary's designee; (12) the Commissioner of

120 Environmental Protection or the commissioner's designee; (13) a
121 representative of organized labor appointed by the Governor; and (14)
122 a representative of residential customers or low-income customers
123 appointed by Governor. On a biennial basis, the board shall elect a
124 chairperson and vice-chairperson from among its members and shall
125 adopt such bylaws and procedures it deems necessary to carry out its
126 functions. The board may establish committees and subcommittees as
127 necessary to conduct its business."